

1/30/12 (3)

## Draft Proposal from Health Insurance Working Group

Jan 25, 2012

**The Health Insurance Working group reached unanimous consensus on the following cost saving changes to current health insurance plan design and employee split. This proposal will bring all town and school employees to the same health insurance plan design and cost sharing.**

1. Move all remaining employees to 75%/25% for HMOs and 50%/50% for Master Health Plus and PPO (approximate additional cost for family HMO = \$1,800 per year and individual HMO = \$800 per year).

a) Mitigation for **new** adoptees of reducing the HMO split to 75%-25% split will be:

- 1) 10% of insurance premium per Family and Individual plan in the first year
- 2) \$1200/\$500 in the second year, and
- 3) \$600/\$300 in the third year
  - i. Net savings -- year 1 = \$0;
  - ii. Second year -- Net savings = \$163K
  - iii. Third year -- Net savings \$264
  - iv. Fourth year -- Net Savings \$350K

**Saves \$350k** (not counting mitigation)

**Plus**

**2) Plan design changes for all employees:**

Office Visit Co-Pay \$20  
Specialist Office Visit \$35  
ER \$100  
Hospital \$200  
Day Surgery \$100  
High Tech Imaging \$100 (CAT/CT/PET Scans)  
Rx 10/25/40 for 30 Days  
Rx \$20/\$50/\$80 for 90 Days

**Saves \$486K**

**Total Savings before mitigation: \$350K + \$486K = \$836**

**Total Savings (Town of Acton plus APS) after paying mitigation:**

**FY '13 \$486K**

**FY '14 \$649K**

**FY '15 \$750K**

**FY '16 \$836K**

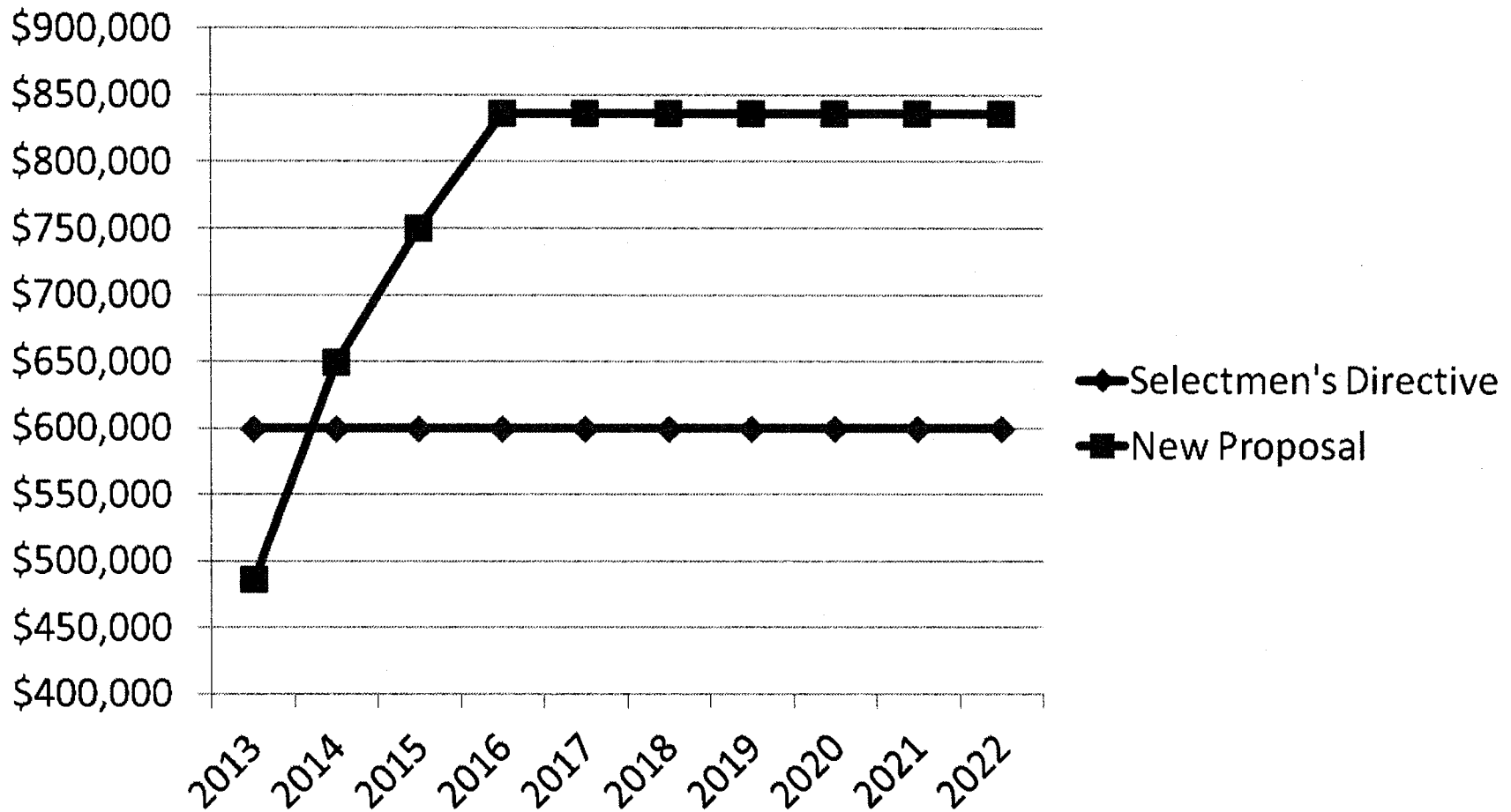
**FY '17 \$836K**

**Five year average annual savings: \$711K per year.**

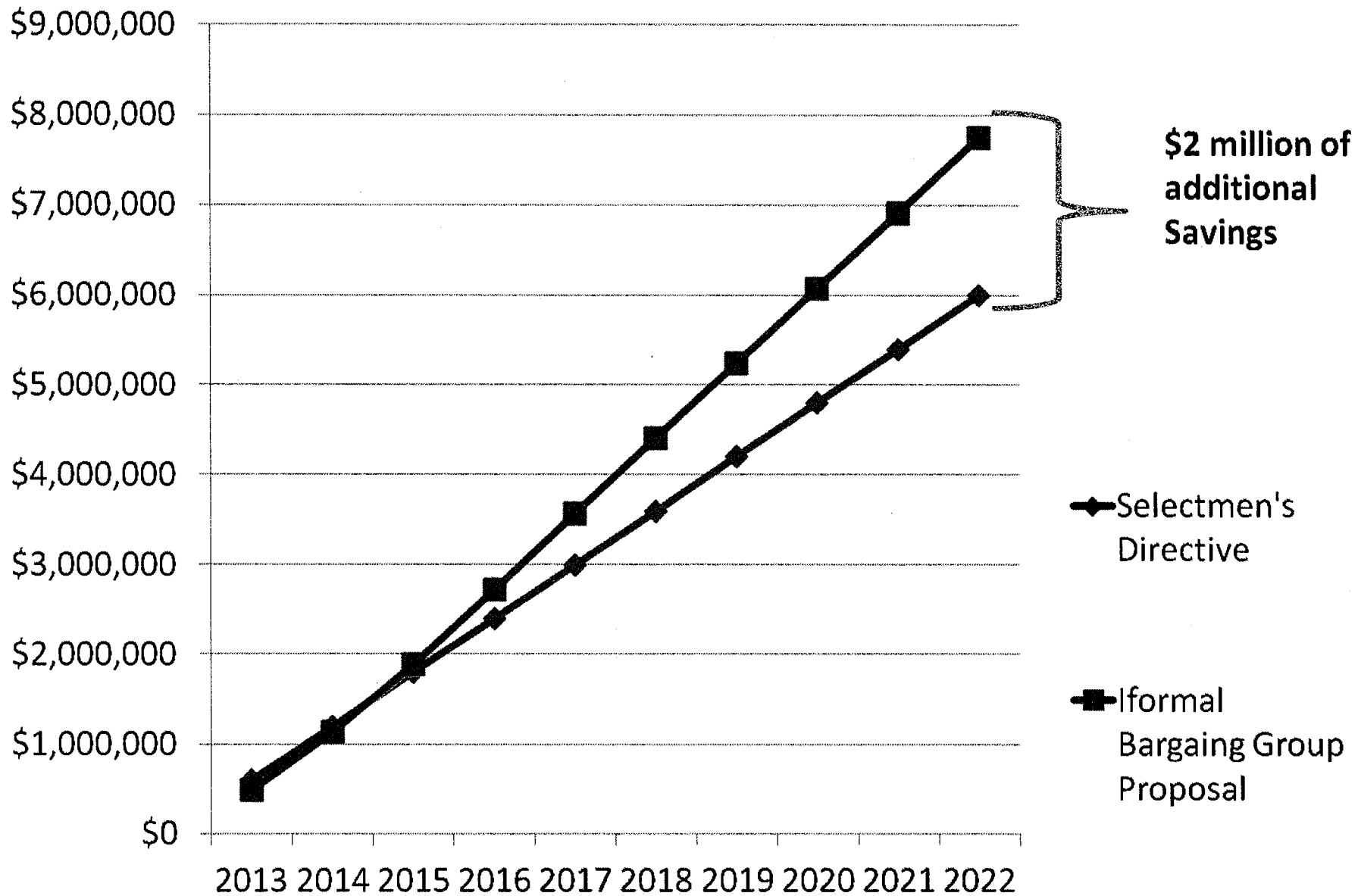
**In Addition, the Regional Schools adopting these changes would result in an additional savings of \$394K in the first year. Total Cost savings per (after mitigation) combining Town of Acton, APS and AB is \$836K + \$394K = \$1.23M**

**The employees have agreed to ratify these changes by February 10, 2012. They would like the Board of Selectmen and the School Committees to agree that these plans will be in place for at least the next three years without any more proposals for changing health insurance.**

# Nominal Annual Savings



# Nominal Cumulative Savings



# NPV at 2% per Year

